

Key Market and Land Use Findings

Major Employment Center Study

Sarasota County, FL

DRAFT

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ERA

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MEC Zone Analysis

Why MEC Areas were grouped into zones for analysis

The fifteen MEC areas were grouped into six MEC zones for analysis. Real estate markets are best analyzed within the context of a general area known as a submarket. Several individual MEC areas were deemed too small or too close to other MEC areas to be analyzed as a separate submarket, so they are grouped together for the purposes of market analysis. Using these MEC zones allows meaningful analysis of real estate trends such as new construction, absorption, and vacancy rates – i.e. key metrics which define real estate demand and supply. Also, many of the MEC areas are adjacent and have the same general locational characteristics. Where necessary, land use analysis is being conducted on individual MEC areas to make location specific recommendations.

MEC Overview

- According to the Planning Department, there are 15 MECs across Sarasota County, with the highest concentration in North County
- MECs contain 6,300 gross acres and 4,400 net acres of land
- MECs contain 2,400 acres of vacant land, which includes Agriculture-Intensive, Agriculture-Native Range, Vacant-Private, Vacant-Public
 - Undeveloped land includes Agriculture-Intensive, Agriculture-Native Range, and Vacant-Private
- MECs are grouped into “zones” to reflect geographic proximity and critical mass of development
- To obtain data, County Property Appraiser’s 268,000 tax records database were sorted by commercial and industrial property type and mapped by address to derive key information
- **Growth potential was tested across three scenarios over 30 years (2000-2030):**
 - Using undeveloped land at current densities
 - Using undeveloped land at higher densities
 - Using existing acreage at higher densities (redevelopment)
- **Analysis utilized standard suburban commercial development densities—at 30% lot coverage for office and Industrial; in many cases this resulted in doubling existing densities**

Key Findings

- MECs contain 15.6 million SF of “workplace” uses (office, industrial, retail)
- ***Estimated overall densities are quite low—only 0.06 floor area ratio (FAR)—far below densities characteristic of suburban development patterns***
- Industrial space comprises lion’s share of uses: 12.2 million SF (78%) with a current AV of \$871 million
- There are 1.6 million SF of office space and 1.8 million SF of retail space across the MECs
- Commercial office and retail uses have a current AV of \$284 million

Preliminary Strategies - Countywide

- Option: using existing designated agricultural land within the current MEC would accommodate the real estate demand for future employment growth
- Focus on redevelopment of MECs Cattleman Road (as a priority), Sarasota Center, and Northgate
- Develop specific tools to promote redevelopment in MECs to include no or low interests loans or grants from the County for facility and/or equipment upgrades
- South County strategy includes identifying the location of a new MEC and the potential expansion of MEC 12

MEC Zone A – Lakewood Ranch/ University Parkway (North)

[MEC Area 2, MEC Area 3]

- Analysis Summary*
 - Contains 1,687 gross acres and 1,002 net acres of land
 - Contains 863 acres of undeveloped land
 - Contains smallest amount of industrial space (70,000 sq. ft.) of any MEC
 - Very low industrial densities (0.09 FAR)—do not reflect highest and best use
 - Total of 200,000 sq. ft. of workplace uses, with current AV of \$29.2 million
 - Estimate: 750 – 1,100 Employees
 - With only 70,000 sq. ft. of industrial development, this zone is dominated by recent commercial office development at Lakewood Ranch
 - Over 150,000 sq. ft. of new development in the pipeline
- * The project team is aware of pending development proposals for the University Parkway - Town Center and will continue to monitor planning efforts to ensure they are considered and reflected in the final MEC analysis once final legislative action is taken.

- Key Considerations for Development
 - Dominant Class A office MEC in the county
 - History of strong absorption and competitiveness in office market
 - Little industrial property in the MEC and little sign of industrial demand
 - High level of access and visibility along University Parkway
 - Interstate frontage available
 - Ample and contiguous vacant and agricultural lands available for new development
 - High quality of existing properties suggest little need for redevelopment
 - Little surrounding development so land use conflicts are not a major concern

- Growth Scenarios
 - **#1 (New Development at Current Densities): 4.3 million SF of office, 755,000 SF of industrial**
 - Assumes new (greenfields) development on 863 acres of undeveloped land
 - Allocates 669 acres for new office development and 194 acres for new industrial development based on current split
 - Maintains current densities of 0.15 for office and 0.09 for industrial

 - **#2 (New Development at Higher Densities): 8.6 million SF of office, 2.5 million SF of industrial**
 - Assumes new (greenfields) development on 863 acres of undeveloped land
 - Increases densities to 0.30 FAR for both office and industrial

 - **#3 (Redevelopment): 15,000 SF of office, 17,000 SF of industrial**
 - It is anticipated that 3.8% of current office space (class C or below) and 10% of current industrial space (below class C) will be redeveloped over the next 30 years
 - Increases densities from 0.15 FAR to 0.30 FAR for office and 0.09 FAR to 0.30 FAR for industrial

- Will require site planning and financial analyses to determine feasibility of surface versus structured parking

- Preliminary Strategies for MEC Zone A
 - Continue to promote the focus of Lakewood Ranch as premiere Class A office location
 - Target Lakewood Ranch as location for corporate/business recruitment
 - Promote higher FARs to make efficient use of this land
 - Explore the potential role for the County to subsidize structure parking (long-term strategy)
 - Ensure a balance between Lakewood Ranch development and South County MECs – to mitigate/reduce traffic congestion on I-75. Special incentives for South County

MEC Zone B – Sarasota Center (North)

MEC Area 6

- Analysis Summary
 - Contains 470 gross acres and 352 net acres of land
 - Contains 202 acres of undeveloped land
 - Contains smallest amount of net acres of land of any MEC
 - Low industrial densities (0.18 FAR)—do not reflect highest and best use
 - **Commercial densities greater than typical suburban development patterns (0.59 FAR)**
 - Total of 1.1 million sq. ft. of workplace uses, with current AV of \$86.7 million
 - Estimate: 2,500 to 3,500 employees
 - Sarasota Center contains an aging industrial park with several light industrial buildings and small distribution operations
 - Sarasota Center is located to the east of the County’s Urban Services Boundary and is characterized by older space of limited quality

- Key Considerations for Development
 - Predominantly industrial development, including class B, class C, and unclassified industrial development
 - Far eastern edge location makes for low visibility but good access from I-75 with little congestion on Fruitville Road
 - Low vacancy rates but also low levels of recent absorption of industrial property
 - Ample and contiguous vacant and agricultural lands available for new development
 - Little surrounding development so land use conflicts are not a major concern
 - Located outside the County USB

- Growth Scenarios
 - **#1 (New Development at Current Densities): 362,000 SF of office, 1.5 million SF of industrial**
 - Assumes new (greenfields) development on 202 acres of undeveloped land
 - Allocates 14 acres for new office development and 188 acres for new industrial development based on current split
 - Maintains current densities of 0.59 for office and 0.18 for industrial

 - **#2 (New Development at Higher Densities): 612,000 SF of office, 2.5 million SF of industrial**
 - Assumes new (greenfields) development on 202 acres of undeveloped land
 - Increases densities to 1.0 FAR for office and 0.30 FAR for industrial

 - **#3 (Redevelopment): 10,000 SF of office, 84,000 SF of industrial**
 - It is anticipated that 7.1% of current office space and 15% of current industrial space will be redeveloped
 - Increases densities from 0.59 FAR to 1.0 FAR for office and 0.18 FAR to 0.30 FAR for industrial
 - Will require site planning and financial analyses to determine feasibility of surface versus structured parking

- Preliminary Strategies for MEC Zone B
 - Prime redevelopment location – due to aging industrial stock
 - Identify opportunities to assist in the redevelopment of existing light industrial uses
 - Construction costs write downs through no/low interest loans or grants
 - Funding upgrades on equipment

MEC Zone C – Cattleman Road/I-75 Corridor

[MEC Area 4, MEC Area 5, MEC Area 7, MEC Area 8, MEC Area 9]

- Analysis Summary
 - Contains 1,710 gross acres and 1,157 net acres of land
 - Contains 446 acres of undeveloped land
 - Has largest amount of office space (951,000 sq. ft.) and retail (616,000 sq. ft.) of any MEC
 - Low office densities (0.19 FAR)—do not reflect highest and best use
 - Industrial densities nearing typical suburban development patterns (0.25 FAR)
 - Total of 4.4 million sq. ft. of workplace uses, with current AV of \$416 million
 - Estimate: 10,000 – 12,000 employees
 - High land values along the I-75 corridor by necessity must attract higher quality/ priced uses; hence, the preponderance of Class A and B office buildings
 - Office vacancy rates peaked in 2001 at 31 percent; by year-end 2005, the submarket had achieved stabilization, with vacancies at less than one percent
 - Cattleman Road/I-75 Interchange corridor is a lower-quality, aging industrial area where opportunities for redevelopment should be explored

- Key Considerations for Development
 - Mix of higher quality office development and lower quality, aging industrial development
 - Office demand is stronger than industrial demand
 - Strong access via Fruitville Road, Bee Ridge Road, and Cattleman Road and proximate to I-75
 - High visibility from I-75
 - Ample and contiguous vacant and agricultural lands available for new development
 - Serves as a land use buffer between I-75 and nearby single family
 - Potential for land use conflicts, particularly east of I-75 where there is proximate single family development
 - Potential for redevelopment of aging properties to provide more office and/or mixed use development in this area
 - Potential to expand MEC to the east for industrial uses

- Growth Scenarios
 - **#1 (New Development at Current Densities): 1.1 million SF of office, 3.3 million SF of industrial**
 - Assumes new (greenfields) development on 446 acres of undeveloped land
 - Allocates 134 acres for new office development and 312 acres for new industrial development based on current split
 - Maintains current densities of 0.19 for office and 0.25 for industrial

 - **#2 (New Development at Higher Densities): 2.2 million SF of office, 4.1 million SF of industrial**
 - Assumes new (greenfields) development on 446 acres of undeveloped land
 - Increases densities to 0.38 FAR for office and 0.30 FAR for industrial

- **#3 (Redevelopment): 57,000 SF of office, 114,000 SF of industrial**
 - It is anticipated that 6.1% of current office space and 17.8% of current industrial space will be redeveloped
 - Increases densities from 0.19 FAR to 0.38 FAR for office and slight increase from 0.25 to 0.30 for industrial
 - Will require site planning and financial analyses to determine feasibility of surface versus structured parking

- Preliminary Strategies for MEC Zone C
 - Consider expansion of this MEC to the east to permit expanded light industrial development
 - Promote higher density to mitigate the high cost of land in this area. Encourage mixed use development at this MEC including office and retail
 - Consider using redevelopment incentives to encourage redevelopment and infill at higher densities
 - Discourage single family development from occurring within the MEC or to the east of this MEC to preserve the possibility of future expansion
 - Promote redevelopment within the MEC including transitional land uses around the perimeter
 - As the current industrial properties age allow for the transition to office use
 - Ensure a balance office and industrial within this MEC given its high visibility and access to the transportation network

MEC Zone D – Route 301/Northgate Industrial Park (North)

MEC Area 1

- Analysis Summary
 - Contains 571 gross acres and 447 net acres of land
 - Contains 38 acres of undeveloped land
 - Has smallest amount of office space (60,000 sq. ft.) of any MEC
 - Very low office densities (0.03 FAR)—do not reflect highest and best use
 - Industrial densities nearing typical suburban development patterns (0.25 FAR)
 - Total of 3.6 million sq. ft. of workplace uses, with current AV of \$208 million
 - Estimate: 8,000 – 10,000 employees
 - Northgate Industrial Park can be characterized as an aging industrial zone with a limited number of office buildings
 - With an average building footprint of only 5,000 sq. ft., office product in the Northgate Industrial Park could be characterized as “garden office”

- Key Considerations for Development
 - Predominantly industrial development, including class B, class C, and unclassified industrial development
 - One of the largest MECs in terms of industrial development
 - Moderate absorption and new construction of industrial development
 - On US 301 corridor, which is largely industrial in Manatee County to the north
 - Built out MEC with little vacant land; vacant land is fragmented
 - Potential to capitalize on nearby educational institutions and airport to focus on developing a high tech cluster
 - MEC is surrounded by mostly residential development and cannot expand
 - Official MEC boundary misses a cluster of industrial lands between 10th and 21st streets on US 301

- Growth Scenarios
 - **#1 (New Development at Current Densities): 7,000 SF of office, 364,000 SF of industrial**
 - Assumes new (greenfields) development on 38 acres of undeveloped land
 - Allocates 5 acres for new office development and 33 acres for new industrial development based on current split
 - Maintains current densities of 0.03 for office and 0.25 for industrial
 - **#2 (New Development at Higher Densities): 64,000 SF of office, 433,000 SF of industrial**
 - Assumes new (greenfields) development on 38 acres of undeveloped land
 - Increases densities to 0.30 FAR for both office and industrial
 - **#3 (Redevelopment): 137,000 SF of office, 190,000 SF of industrial**
 - It is anticipated that 26.7% of current office space and 30.2% of current industrial space will be redeveloped
 - Increases densities from 0.03 FAR to 0.30 FAR for office and slight increase from 0.25 to 0.30 for industrial

- May necessitate relocation plan for existing viable businesses
 - Will require site planning and financial analyses to determine feasibility of surface versus structured parking
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- Preliminary Strategies for MEC Zone D
 - Retain current light industrial and warehouse uses in this MEC – provide incentives for facility upgrades
 - Prime location for data warehouses - County should participate in funding infrastructure upgrades to accommodate such uses should the opportunity arise
 - Promote redevelopment of selected parcels within the MEC due to aging industrial and office product
 - Similar to Lakewood Ranch, the County should consider measures to subsidized structured parking should densities increase
 - Collaborate with nearby educational institutions to designated an area for a research and development industrial park
 - Redraw the MEC boundary to include adjacent industrial lands
 - Consider using redevelopment incentives to encourage redevelopment and infill at this MEC such as suspending impact fees within the MEC

MEC Zone E – Clark Road and McIntosh Road

MEC Area 10

- Analysis Summary
 - Contains 932 gross acres and 722 net acres of land
 - Contains 235 acres of undeveloped land
 - Contains largest amount of industrial space (4.0 million sq. ft.) of any MEC
 - Very low office densities (0.07 FAR)—do not reflect highest and best use
 - Industrial densities nearing typical suburban development patterns (0.28 FAR)
 - Total of 4.8 million sq. ft. of workplace uses, with current AV of \$293.5 million
 - **ERA estimates: 10,000 to 12,000 employees**
 - Negative absorption: tenant departures such as Winn-Dixie resulted in one million sq. ft. of industrial space being vacated in 2005
 - Opportunities for redevelopment among aging, obsolete properties appear strong

- Key Considerations for Development
 - Predominantly industrial development, including class B, class C, and unclassified industrial development
 - One of the largest MECs in terms of industrial development
 - Exhibited very low vacancies in recent years, except major Winn Dixie warehouse property
 - Ample and contiguous vacant and agricultural lands available for new development
 - MEC has some vacant lands to south and east for potential expansion
 - Central location and close to I-75 is good for access but low on visibility
 - Agricultural lands on southern edge serve as land use buffer; institutional lands on northern and eastern edges serve as land use buffer
 - Site has rail access
 - Winn Dixie site may have redevelopment/reuse potential to supply formerly tight industrial market

- Growth Scenarios
 - **#1 (New Development at Current Densities): 118,000 SF of office, 2.4 million SF of industrial**
 - Assumes new (greenfields) development on 235 acres of undeveloped land
 - Allocates 39 acres for new office development and 196 acres for new industrial development based on current split
 - Maintains current densities of 0.07 for office and 0.28 for industrial

 - **#2 (New Development at Higher Densities): 505,000 SF of office, 2.6 million SF of industrial**
 - Assumes new (greenfields) development on 235 acres of undeveloped land
 - Increases densities to 0.30 FAR for both office and industrial

 - **#3 (Redevelopment): 269,000 SF of office, 62,000 SF of industrial**
 - It is anticipated that 41.1% of current office space and 20.3% of current industrial space will be redeveloped
 - Increases densities from 0.07 FAR to 0.30 FAR for office and slight increase from 0.28 to 0.30 for industrial

- May necessitate relocation plan for existing viable businesses

- Preliminary Strategies for MEC Zone E
 - Redevelopment of the Winn Dixie warehouse parcel – priority
 - Address the need for transitional uses
 - Promote land use transitions along the edge of this MEC

MEC Zone F – South County MECs (South)

[MEC Area 12, MEC Area 13, MEC Area 14, MEC Area 15]

- Analysis Summary
 - Contains 919 gross acres and 702 net acres of land
 - Contains 445 acres of undeveloped land
 - Very low office densities (0.08 FAR)—do not reflect highest and best use
 - Estimate: 3,000 – 5,000 employees
 - Industrial densities lower than typical suburban development patterns (0.20 FAR)
 - Total of 1.6 million sq. ft. of workplace uses, with current AV of \$121 million
 - Demand for office-related uses in the South County should strengthen as the area’s population expands

- Key Considerations for Development
 - Predominantly industrial development, including class B, class C, and unclassified industrial development
 - Low vacancy rates and a slowly expanding demand for space in the industrial market
 - Tends to be lower quality, price sensitive space and industries, often construction-related
 - Overall, south and central areas have few MEC lands set aside for future employment centers
 - MEC 12 has convenient I-75 access and significant vacant lands. Also may have some potential to expand
 - MEC 13 is nearly built out and hemmed in by urbanized development
 - MECs 14 may be too small and fragmented to be useful
 - MEC 15 may not be in a convenient enough location for access to be useful and may be larger than necessary to meet demand for these types of uses
 - Fewer land use conflicts in south county, however residential is rapidly expanding in the area and may create future land use conflicts

- Growth Scenarios
 - **#1 (New Development at Current Densities): 272,000 SF of office, 3.1 million SF of industrial**
 - Assumes new (greenfields) development on 445 acres of undeveloped land
 - Allocates 82 acres for new office development and 363 acres for new industrial development based on current split
 - Maintains current densities of 0.08 for office and 0.20 for industrial
 - **#2 (New Development at Higher Densities): 1.1 million SF of office, 4.7 million SF of industrial**
 - Assumes new (greenfields) development on 445 acres of undeveloped land
 - Increases densities to 0.30 FAR for both office and industrial
 - **#3 (Redevelopment): 235,000 SF of office, 61,000 SF of industrial**
 - It is anticipated that 75% of current office space and 9.7% of current industrial space will be redeveloped
 - Increases densities from 0.08 FAR to 0.30 FAR for office and slight increase from 0.20 to 0.30 for industrial
 - May necessitate relocation plan for existing viable businesses

- Will require site planning and financial analyses to determine feasibility of surface versus structured parking

- Preliminary Strategies for MEC Zone F
 - Location for expansion/creation of a new MEC at 1,500 – 2,000 acres (if current patterns of development continue) Development at higher density would require less land 250 – 500 acres.
 - Plan for new MECs in south county, designated each MEC as predominantly office or predominantly industrial, or creating designated zones for each type of development
 - Consider expanding MEC 12 and acquiring an appropriate parcel for future manufacturing expansion or relocation
 - Consider releasing parts of MEC 15 for other non-employment land uses
 - MEC 13 is a logical location for professional/ business office space – typically driven by rooftop growth